

The Trade Adjustment Assistance Improvement Act

In the last four years, the United States has concluded free trade agreements (FTAs) with 11 countries. The Administration currently is negotiating FTAs with another 11 countries, in addition to the hemisphere-wide Free Trade Area of the Americas and the Doha Development Round of World Trade Organization negotiations.

Despite devoting tremendous resources to lowering tariffs and promoting economic engagement with other nations through trade agreements, the Bush Administration has failed to put into place domestic policies to assist hard-working Americans in transitioning to the global economy and adjusting to the changes in the U.S. economy resulting from new trade agreements.

The U.S. economy has lost 2.9 million manufacturing jobs since January 2001. While the U.S. manufacturing sector has been the hardest hit by increased unemployment, the service sector is poised to experience similar declines as more U.S. service jobs move to low-cost labor markets, such as China, India and the Philippines. Forrester Research has released a study showing that 3.3 million white-collar jobs will move overseas by 2015.

Unfortunately, the current Trade Adjustment Assistance (TAA) program, created in 1962, fails to provide workers access to the assistance they need to compete in the global economy. First, service sector workers are excluded entirely from the TAA program, as the program currently extends only to workers in the manufacturing and agricultural sectors. Second, unnecessary and burdensome procedural hurdles prevent eligible workers from accessing benefits for which they are eligible. Third, a lack of adequate training funding leaves dislocated workers without timely access to the training they need to find new jobs. According to the General Accountability Office (GAO), from 2001 to 2003, nineteen states had to stop enrolling TAA workers in training temporarily because of funding shortfalls; six states took this step in 2004.

The Trade Adjustment Assistance Improvement Act strengthens and expands the existing TAA program to help those hurt by trade make a new start. The bill takes the common sense step of covering service sector workers in the current TAA program. The bill also streamlines the application process for TAA by authorizing the Secretary of Labor to certify the eligibility of workers for TAA on an industry-wide or occupation-wide basis; makes permanent and simplifies the application process for the wage insurance program for older workers; and corrects deficiencies in the current program with respect to bases for training waivers, types of training programs covered, and operation of the health care tax credit. Finally, the bill doubles funding for TAA for firms in order to cover the additional cost of extending coverage to services firms; and triples funding for job training for eligible workers, in order to address current funding shortages and to cover the additional cost of providing training for service workers.

This legislation is critical to responding to the loss of jobs among hard-working Americans and promoting the competitiveness of the American workforce. It is, however, only a partial response. This legislative initiative must be coupled with a broader strategy aimed at implementing responsible economic policies and investing in human capital to promote the competitiveness of U.S. workers throughout their lives. Such a strategy includes building a strong framework of rules for international trade; opening substantial new markets for American goods, services and farm products in order to level the playing field for American workers in all sectors of our economy; and establishing a comprehensive framework to educate Americans throughout their lives so that they may take full advantage of the opportunities of the global economy and adjust to changing technological demands.

SUMMARY OF THE TRADE ADJUSTMENT ASSISTANCE IMPROVEMENT ACT

• **Expands Coverage for Workers and Firms**

- ▶ Amends existing Trade Adjustment Assistance program to extend coverage to service workers.
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- ▶ Authorizes Secretary of Labor to certify groups of workers as eligible for TAA on an industry-wide or occupation-wide basis. This change would allow certain covered workers to skip the first step of filing a petition that is reviewed on a plant-by-plant basis, and to proceed directly to the second step of demonstrating their individual eligibility for TAA benefits and enrolling in the program.
 - Requires the Secretary to certify as eligible for TAA all workers who are laid off from their jobs in a domestic industry that is covered by a trade remedy under U.S. antidumping, countervailing duty, or safeguard laws.
 - Requires the Secretary to initiate an investigation to determine whether to certify workers on an industry-wide or occupation-wide basis when she certifies three or more petitions on behalf of workers in the same industry or occupation within a 6-month period; or such an investigation is requested by the President, U.S. Trade Representative, House Ways and Means Committee or Senate Finance Committee.
- ▶ Establishes the same eligibility requirements for all workers who lose their jobs because of a shift in production to another country, regardless of whether the country is one with which the United States has entered into a free trade agreement or is covered by a U.S. trade preference program.
- ▶ Overcomes current difficulties in obtaining information required for TAA petitions by: (1) directing the Secretary of Labor to contact firms, unions, employees, and other persons in order to confirm data provided on the petition and obtain other information relevant to the petition; and (2) authorizes the Secretary of Labor to determine that increased imports exist, or that offshore outsourcing has occurred, based on certifications by affected firms or their customers.
- ▶ Suspends deadlines for workers to enroll in TAA during any period in which the worker is appealing the denial of his petition for TAA assistance.

• **Training**

- ▶ Triples current training funding cap from \$220 million to \$660 million by 2012, in order to address current funding shortages and to cover the additional cost of providing training for service workers.
- ▶ Directs the General Accountability Office (GAO) to evaluate the adequacy of total training funding and the effectiveness of the current system for allocating such funds.
- ▶ Allows use of TAA training funds to pay for continued enrollment in an accredited college or university for purposes of obtaining a degree, where completion of the degree can reasonably be expected to result in employment.
- ▶ Adds as an additional basis for granting a training waiver the possession of an advanced degree or equivalent certification in a specialized field, where such

degree or certification is in a field in which there is a reasonable expectation of re-employment.

- **Wage Insurance**

- ▶ Makes permanent the current “demonstration” wage insurance program.
- ▶ Eliminates unnecessary and burdensome requirement that applicants signify their interest in wage insurance on their initial TAA petition, and instead allows workers to apply for wage insurance after their application for TAA has been accepted, at the same time that they apply for all other TAA benefits.

- **Outreach and Transparency**

- ▶ Establishes within the Department of Labor an Office of Trade Adjustment Assistance Advisor responsible for operating a telephone hotline that workers and employers can call with questions about TAA eligibility criteria and application procedures.
- ▶ Directs the General Accountability Office to evaluate the extent to which the federal government and states are complying with existing outreach requirements.
- ▶ Directs the Department of Labor to provide notice on its public website (as well as in the *Federal Register*, as required by current law) when it makes a determination regarding the eligibility of groups of workers for TAA.
- ▶ Codifies existing practice under which the TAA program is administered by workers in state unemployment insurance agencies, in order to ensure a continuation of the programmatic connection between TAA and the unemployment insurance program.

- **Health Care Tax Credit**

- ▶ Increases portion of TAA participants’ health care premiums paid by the government from 65% to 80%.
- ▶ Covers 100% of first month’s premium while IRS is setting up billing cycle.
- ▶ Establishes a national fallback plan, by allowing eligible individuals to purchase insurance through the plans available in the Federal Employees Health Benefits Program (FEHBP).
- ▶ Fixes other problems in the current operation of the health care tax credit by establishing presumptive eligibility, eliminating the three-month continuous coverage requirement, clarifying the tolling period for a 63-day lapse in coverage, and protecting coverage for spouses and dependents in cases of Medicare eligibility, death, or divorce.

- **Data Collection**

- ▶ Directs the Secretary of Labor to collect and publish every six months on its website detailed data about participation in the TAA program.
- ▶ Directs the Secretaries of Commerce and Labor to track and make public data on both service sector and manufacturing jobs trends, including data on offshoring and offshore outsourcing.

- **Extends Authorization for TAA Programs.**

- ▶ Extends authorization for current TAA programs for workers, firms and farmers until September 30, 2012.